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TAGS: [PREL](#) [PINR](#) [EPET](#) [EAIR](#) [ECIN](#) [KU](#) [IZ](#)
SUBJECT: SEQUENTIAL IRAQI VISITS TACKLE BILATERAL ISSUES,
RAISE KUWAITI HOPES OF EVENTUAL RESOLUTION

REF: A. KUWAIT 109
[1](#)B. KUWAIT 105
[1](#)C. 08 KUWAIT 1185 AND PREVIOUS

Classified By: A/DCM Pete O'Donohue for reasons 1.4 b and d

[1](#)1. (C) Summary: Recent visits by several senior Iraqi officials have sparked optimism in the Kuwaiti press and among some Kuwaiti officials that a new and more cooperative era in the bilateral relationship is beginning. Public comments by these officials have fueled expectations that the two countries are on the verge of major breakthroughs in the most important stumbling blocks in the bilateral relationship, including debt, joint management of shared oil fields, Kuwait Airways and borders. Iraq's Charge in Kuwait told A/DCM February 8 that a recent visit at the Undersecretary level accomplished important groundwork towards resolution of these issues, but he cautioned that these positive efforts risk being stymied and put on hold once they come under the scrutiny of the central government in Baghdad. The central problem, as the Charge describes it, is a gap between Iraq's forward-leaning MFA, which desires to resolve lingering issues with Kuwait, and the much more recalcitrant central bureaucracy of PM Maliki. Embassy will continue to seek the views of our GOK interlocutors on these issues. End Summary.

Iraq Visits Raise Profile of Bilateral Relationship

[1](#)2. (U) Recent visits by Iraqi officials to Kuwait have sparked optimism in the Kuwaiti press that there is progress on a number of long-festering bilateral issues. The Kuwaiti press widely noted, for example, Iraqi President Jalal Talabani's January 21 meeting with the Amir on the margins of the Kuwait-hosted Arab Economic Summit, reporting that the meeting had focused on improving the bilateral relationship, including the resolution of border and debt issues. In a similar vein, the Kuwaiti press picked up on the February 4-5 visit of an Iraqi delegation headed by Iraqi MFA Undersecretary for Legal and Multilateral Affairs, Mohammad Al-Hajj Hamoud, to discuss a range of bilateral issues, including development of a mechanism for dividing up the Rumaila/Ratqa oil fields, debt, and borders. Without providing additional detail, the press reported the signing of joint "minutes" by Hamoud and his Kuwaiti counterpart, MFA Undersecretary Khaled Al-Jarallah on February 5. On February 7, the KUNA news agency reported that the Kuwaiti Deputy Premier and Foreign Minister and Acting Oil Minister Shaykh Dr. Mohammad Al Sabah had announced that he will visit Baghdad "soon" to establish a Joint Kuwaiti-Iraqi Committee intended to review a range of bilateral issues. Further adding to the sense of optimism, a leading English-language daily, Al Watan, reported on February 8 that Iraqi Government spokesman Ali Al-Dabbagh said that the "excellent" January 21 meeting between the Amir and President Talabani meant that

pending issues between Kuwait and Iraq will be settled soon, including issues related to Kuwait Airways, debt, borders, and joint oil fields. Dabbagh made the comments on the margins of a meeting of the International Olympic Committee, presently underway in Kuwait. The Kuwaiti press also noted in passing Kurdish leader Mas'oud Barzani's February 3-4 visit to Kuwait, which included a meeting with the Amir.

Iraqi Charge Describes Recent Visits

13. (C) While reflecting cautious optimism, the press stories have provided little detail about what was actually discussed during the respective meetings and GOK officials have offered few public comments. Seeking further clarification, A/DCM on February 8 called on Iraqi Charge d'affaires Fadhil Hamad Khudair Al-Azzawi. Azzawi, who indicated he had been closely involved in the visits of the GOI officials, in contrast to earlier experiences he had shared with us where he had sometimes been left out of the loop by visiting delegations, expressed cautious optimism that the visits, particularly President Talabani's meeting with the Amir and the Joint Commission meetings headed by Iraqi Deputy FM Hamoud had registered real progress on several outstanding bilateral issues; he cautioned, however, that agreements reached in Kuwait tend to die a slow death once they get back to Baghdad due, in his view, to willful neglect from PM Maliki and his Shia supporters.

Flawed Effort to Resolve Kuwait Airways Dispute

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14. (C) Addressing President Talabani's January 21 meeting with the Amir, Azzawi said the back story was that Talabani had complained to the Amir that he was unable to use Iraqi aircraft for his travel due to Kuwait Airways' ongoing lawsuit against the GOI (refs A and B). Azzawi (who did not say that he was present at the meeting), said the Amir responded by asking Talabani how much Iraq could realistically pay out of the USDOLS 1.2 billion Kuwait Airways has claimed in its suit (note: Azzawi specified that the Amir had stated the 1.2 billion figure as opposed to the 1.3 billion figure usually cited.) When Talabani responded that Iraq could only pay USD 300 million, according to Azzawi, the Amir responded in the affirmative, but asked the GOI to keep the deal quiet so he could avoid problems with the Kuwaiti parliament. Azzawi noted that, as soon as the GOI delegation returned to Baghdad, a GOI spokesman broadcast the deal, thus embarrassing the Amir and forcing Kuwait Airways' DG to insist that the GOI was still on the hook for the entire USD 1.2 billion. (Note: Our understanding, per ref A, remains that the GOK will accept USD 300 million and allow the issue to fade away. End Note.)

Visit By Iraqi MFA U/S Tackles Substantive Issues

15. (C) Azzawi depicted the February 4-5 visit by MFA U/S Hamoud as an effort to make real progress on substantive bilateral issues. (Note: in each of our meetings with Azzawi, he has contrasted the earnest good will of the Iraqi MFA -- his home office -- to resolve bilateral issues with Kuwait with the recalcitrance of PM Maliki and his largely Shia supporters.) Azzawi said the delegation accompanying Hamoud was a small technical delegation charged, primarily, with oil-related issues but that Iraqi FM Zebari had tapped Deputy FM Hamoud to head the delegation to provide "balance" and to ensure that it achieved quiet progress on a number of bilateral fronts. Among other items, Azzawi said, Deputy Secretary Hamoud had discussed the Kuwait Airways imbroglio with MFA U/S Khaled Jarallah; as an outcome, the two had signed meeting minutes in which it was agreed that Iraq would pay "the amount that was agreed upon between the Amir and President Talabani" without mentioning a specific figure.

According to Azzawi, the minutes specified that this concession would be in exchange for Iraq "suspending" a lawsuit under which it had attempted to seize the buildings housing the former Kuwaiti embassy in Baghdad and the former Kuwaiti consulate in Basra and, also, for recognition by the GOI that private properties of Kuwaiti citizens in Iraq would remain free from seizure. (Note: This information puts more flesh on the bones of the accounts senior Kuwaitis and Iraqi officials have shared with us as reported refs A and B.)

Progress on Joint Oil and Gas Activities

¶6. (C) Azzawi said the Hamoud-led technocrats had useful meetings on oil issues with a counterpart Kuwaiti technical team (and that Hamoud had helpfully reined in some of the Iraqi technical team who, in pre-meeting internal discussions had echoed "Saddam-era language" accusing the Kuwaitis of "stealing" Iraqi oil), but that Hamoud alone had been authorized to conduct negotiations with the Kuwaitis. Azzawi noted that the Kuwaiti oil team had been headed by Acting Oil Ministry Undersecretary Said Al-Wasmi and the discussions had focused on the need, agreed to by both sides, to appoint a team of experts from a third country to perform legal and technical studies that would serve as a basis for resolving all remaining disputes between the two countries regarding the exploitation of joint oil fields. Azzawi said the GOK had emphasized that it would like to have these studies completed within one month in order to provide Kuwaiti FM Shaykh Dr. Mohammad Al Sabah with a completed agreement for signature when he travels to Baghdad in March. (Note: Azzawi told A/DCM the FM's March visit had been agreed to during Talabani's visit here and he is "certain" the visit will occur; GOK sources seem less certain the visit will occur this early. Azzawi said the FM had also indicated he would accept an invitation by Kurdish leader Barzani to stop in Irbil in mid-to-late March. End Note.) Azzawi said that the two delegations also agreed upon the "outlines" of future collaboration on natural gas, to include the provision to Kuwait by Iraq of natural gas in two phases: Iraq would provide Kuwait with 35 million cubic feet per day of natural gas in phase one and 200 million cubic feet/day in phase two.

Azzawi said he did not know the start date for either of these phases and acknowledged that final agreement would require central government approval in both countries. As a final note, Azzawi said the Iraqi side had expressed that

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Kuwaiti companies are "welcome" to invest in and establish oil and gas projects in Iraq.

Property Issues, Borders, and Missing Kuwaitis

¶7. (C) According to Azzawi, in addition to the agreements-in-principle on the Kuwait Airways lawsuit, Kuwaiti property in Iraq, and exploitation of joint oil fields described above, Deputy Secretary Hamoud and U/S Jarallah reached agreements-in-principle on the following:

-- Kuwaiti Properties in Iraq: Azzawi said the GOI has issued a law forbidding Iraqis from seizing Kuwaiti-owned private property. The Hamoud-Jarallah meeting discussed procedures whereby Kuwaitis can submit proof of ownership; a meeting scheduled to take place in Baghdad in March will provide further clarification. (Note: The idea of cutting out the UN is inconsistent with recent views expressed by the GOK MFA's Legal Department, which is involved in border issues. We will seek their take on this development soon. End Note.)

-- Maintenance of Border Markers: The present tripartite border commission made up of the GOK, GOI and UN will complete its work no later than September 2009 and be succeeded by a bilateral GOK/GOI commission. The principal reason for excluding the UN, Azzawi said, is to cut expenditures.

-- New Border Markers: Both sides "semi-agreed" (in Azzawi's words) to build a wall or other structure fifty meters inside their respective borders from the international boundary, creating a "no-man's land" one hundred meters wide that is free of any structures or other vision-obscuring obstacles. Azzawi said Hamoud is keen on having the Iraqi side finalize its obligations in this regard "as soon as possible" in order to satisfy Kuwaiti security concerns; an Iraq committee will be formed "soon" to plan next steps.

-- Iraqi Farmers Adjacent To Kuwait Border: Both sides acknowledged that Kuwait has deposited with the UN funds intended to relocate these families. During the Hamoud-Jarallah meeting, it was agreed that Iraq will soon take steps to begin distribution of these funds and to support relocation of the subject families on new lands near Basra. (Note: We will also check with MFA Legal on this item, as they have heretofore been deeply skeptical about the prospects for progress with the Iraqis. End Note.)

-- Safwan Crossing: Iraq acknowledged that the Safwan crossing point poses a security concern for Kuwait. To rectify this, Iraq will expedite an upgrade of the crossing, to include widening of the road through the crossing and construction of a new office building on the site, with Kuwait to bear the costs.

-- Missing and Unaccounted For Kuwaitis From Saddam Invasion: Hamoud and Jarallah agreed to re-energize the search for some remaining 300 Kuwaitis who went missing during Saddam Hussain's 1990 invasion of Kuwait and whose remains have not been recovered. (Note: it was not clear from the discussion if this meant working through the existing Tripartite Commission that deals with this issue or establishing a new bilateral commission.)

-- Archive of Radio Kuwait: Hamoud agreed that Iraq would return to Kuwait via the Iraqi Embassy in Kuwait the archives of Radio Kuwait presently in GOI hands; no date for the turnover was given.

Maritime Border Issue Still Adrift

18. (C) Azzawi noted that one issue in particular -- maritime borders-- remained problematic. While he said both sides had agreed that these borders should be resolved quickly, the two countries have different goals. Azzawi noted that Kuwait wants the maritime border demarcated in accordance with existing UNSC resolutions; Iraq, however, continues to want the borders demarcated in a way that leaves Iraq with a viable outlet to the sea. Azzawi said that, while U/S Hamoud had not acknowledged this during his meeting with U/S Jarallah, the reality is that Iraq continues to want a sea outlet. (Note: Iraq already has an outlet at Umm Qasr, but this is sometimes obstructed by shallow water. Dabbagh presumably meant an improved or different outlet, but this was not clear from the context. End Note.) Azzawi said GOI spokesman Dabbagh had told him this in a separate meeting and

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had added, as well, that all border issues should be resolved "as part of a package." (Note: Azzawi said Dabbagh also downplayed in the same meeting the value of re-energizing a committee to search for Kuwaiti missing and unaccounted for, noting that the numbers of Iraqi missing from the Saddam era are far greater. End Note.)

Kurdish Leader's Visit Sparks Investor Interest

19. (C) Turning to the February 3-4 official visit by Kurdish leader Mas'oud Barzani (which was followed by a three day "informal" visit), Azzawi said Barzani had a private one-on-one meeting with the Amir followed by calls on the PM,

Speaker, FM, and the Kuwait Chamber of Commerce. Azzawi noted that Barzani's focus was on reconstruction and investment in the Kurdish region and that the visit had been very successful, having aroused significant Kuwaiti interest in investment opportunities. Azzawi noted that, in a press conference, Barzani had taken a veiled swipe at PM Maliki, stating that Kurds "do not seek independence but Iraq cannot be ruled by a dictatorship."

Progress, Yes, But Caution Warranted

¶10. (C) Summing up, Azzawi rated U/S Hamoud's visit as, by far, the most meaningful of the recent Iraqi visits in terms of actual accomplishments. He cautioned, however, that consistent with past experience, the bulk of what is agreed on in Kuwait routinely gets changed or simply dies on the vine once it goes back to Baghdad and falls under the scrutiny of the central government. Commenting -- as he has in previous meetings reported ref C -- on conflicts between the MFA and the central government, Azzawi said there is an "unannounced conflict" between Foreign Minister Zebari and PM Maliki. This conflict was reflected, he said, in U/S Hamoud's meetings in Kuwait. Hamoud, Azzawi said, was operating at the instructions of FM Zebari and had to fend off interference from GOI spokesman Dabbagh, who works for PM Maliki and who arrived in Kuwait at the same time as Hamoud. At Hamoud's insistence, Dabbagh was excluded from substantive discussions and relegated to meetings with the Olympics Committee.

Comment and Bionote

¶11. (C) In our several previous meetings with Charge Azzawi he has proved to be a voluble and generally reliable interlocutor (ref C). His willingness to speak with us so openly may be motivated in equal parts by his patent dislike for PM Maliki and his government -- which he sees as a front for Iranian-backed Shia -- and by his admitted desire to settle some day in the U.S., where he has a son studying medicine. Azzawi views himself as a creature of the MFA and tries to reflect MFA views. The fact that he has been involved, at least peripherally, in the several recent visits suggests that he is in good favor with at least some elements in the home office, as he had previously often been left out of the loop on visits here by non-MFA delegations. Our GOK interlocutors at MFA do not appear to deal with him very often. That said, he gives the appearance of having been engaged and very well briefed on the recent visits and seemed to be taking pains to give a fair and balanced account of the visits' significance. End Comment.

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